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SPECIAL COMMITTEE ON THE SITUATION WITH REGARD TO THE IMPLEMENTATION OF THE DECLARATION ON THE GRANTING OF INDEPENDENCE TO COLONIAL COUNTRIES AND PEOPLES

ACTIVITIES OF FOREIGN ECONOMIC AND OTHER INTERESTS WHICH ARE IMPEDING THE IMPLEMENTATION OF THE DECLARATION ON THE GRANTING OF INDEPENDENCE TO COLONIAL COUNTRIES AND PEOPLES IN ALL TERRITORIES UNDER COLONIAL DOMINATION AND EFFORTS TO ELIMINATE COLONIALISM, APARTHEID AND RACIAL DISCRIMINATION IN SOUTHERN AFRICA

ANGUILLA

Working paper prepared by the Secretariat

1. Basic information on conditions in Anguilla is contained in the general working paper prepared for the current session of the Special Committee (A/AC.109/1106). Supplementary information concerning the activities of foreign economic and other interests in the Territory is presented below. 1/

2. Foreign capital from Canada, the United Kingdom of Great Britain and Northern Ireland and the United States of America continues to play a dominant role in the economic life of Anguilla. The main areas of concentration of foreign investment are tourism, real estate and property development, international business and telecommunications. Tourism remains the main economic activity in the Territory, although the Government is continuing a policy of diversification.

3. As in the past, the tourist industry continues to be predominantly controlled by foreigners. In recent times, however, efforts have been made by the Government, major donors and small hoteliers to rectify the structural imbalance of the industry whereby foreign economic interests owned and operated the larger, more successful hotels and nationals operated only the

smaller, less efficient units (see A/AC.109/976, para. 3). During the electoral campaign preceding the general elections of February 1989, the Chief Minister, Mr. Emile Gumbs, quoting the manifesto of his ruling Anguilla National Alliance party, stated that "no further licences will be granted for exclusively owned foreign investment in the hotel sector in the near future", and "every encouragement will be given to local and joint-venture investment in the hotel sector".

4. In October 1991, the Government announced that it was carrying out a review of the Territory's tourism policy. The Minister for Finance and Economic Development said that the study was being carried out to ensure that Anguilla was not overdeveloped too soon (see A/AC.109/1106, para. 65).

5. In January 1991, the Government said that it was tightening regulations on land held by foreigners under the Alien Land Holding Licences Ordinance. The Deputy Governor said that aliens who had been granted a licence but did not complete their projects within the prescribed time should pay financial penalties immediately, in order to avoid forfeiture proceedings. 2/

6. The Government continued to promote the Territory as a haven for regional and international deposits. Its chief attractions were convertibility of a wide range of foreign currencies and no taxes on income and capital gains.

7. In its 1990 report on Anguilla, the Caribbean Development Bank stated that commercial bank deposits increased by 14 per cent from EC$ 53.8 million at the end of December 1989 to EC$ 61.3 million in September 1990. 3/ Loans and advances grew by 32 per cent to reach EC$ 43.8 million. A substantial portion of these funds financed personal loans for house and land purchase, as well as loans to the tourism, transportation and construction sectors. 4/

8. Following a review of the Territory's financial sector order by the Secretary of State for Foreign and Commonwealth Affairs of the United Kingdom, Anguilla's international financial services were placed under the authority of the Governor in May 1990. With the assistance of the United Kingdom, the Territory reviewed 43 bank licences and cancelled 30 (see A/AC.109/1058, paras. 56-60).

9. In December 1991, the House of Assembly approved the Offshore Banking and Trust Companies Ordinance, giving the Governor complete and final authority over the granting of licences to offshore companies. Under the new legislation, licencees will be obliged to appoint resident agents approved by the Governor. 5/

10. Further, any proposed issue or transfer of shares will have to be approved by the Governor. In addition, the ordinance established the principle of corporate criminal liability for contraventions of the regulations. The opposition party in the House of Assembly complained that the powers thus given to the Governor placed him outside the jurisdiction of the courts. 5/

11. In July 1991, the Governor ordered two foreign bankers to surrender their licences and to leave the Territory, stating that their presence was not conducive to the public good. Prior to that, press reports in the United Kingdom had linked one of the bankers to fraudulent banking activities years before.

12. In October 1991, the Finance Minister said that a recent visit to Canada to discuss financial and offshore banking, members of the territorial Government had been approached by a lawyer who suggested that Anguilla could welcome between 50 and 100 wealthy Hong Kong residents. Each of these potential immigrants would have over EC$ 5 million in assets and would be prepared to spend at least EC$ 500,000 in the areas of tourism and manufacturing. The Finance Minister said, however, that the Government would never bring Hong Kong residents to settle in Anguilla because the people of the Territory were against it. 6/

13. The Governor said in September 1991 that the appointment of expatriate professionals was necessary to keep Anguilla's Administration operating and to train future replacements. 7/ He further said in his Throne Speech that the continuing need in the foreseeable future to recruit such expatriate staff to fill key posts in Anguilla represented no threat to the aspirations of Anguillans. He called upon qualified Anguillans living abroad to repatriate their talents.

14. In May 1990, the Government announced plans to set up a company comprising the Government, members of the public and a foreign investor to run the island's electricity services. The Government's decision to privatize the electricity system follows the completion of a pre-investment study of the island's electricity needs to the year 2000 by British consultants, which recommended the setting up of a private company as the best way to meet these needs and to provide a reliable, cost-efficient service (see A/AC.109/1058, para. 44).

15. The Anguillan Government was expected to sign four separate agreements in February 1991 towards the privatization process. These included a corporate agreement between the Government, the Commonwealth Development Corporation and ANGLEC, the company which would take over the operations of the electricity services. Another agreement was to be signed between the Corporation and ANGLEC, involving a cash investment by the former of EC$ 2 million for the purchase of 30 per cent of the voting shares of the new company. 8/

16. Cable and Wireless (West Indies), Ltd. continued to be the sole owner and operator of telephone and telecommunication services in the Territory. In October 1988, the company signed an agreement with the Government for continuance of both internal and external telecommunication services for an additional 30 years.

17. Fishing, the second most important economic activity, has continued to be threatened because of poaching by foreign vessels using sophisticated fishing techniques. In March 1988, the Fisheries Development Officer of the Organization of Eastern Caribbean States secretariat pointed out that more than 20 foreign fishing vessels were operating in the eastern Caribbean, most of them illegally, taking nearly 5,500 kilograms of swordfish from the area every week.

18. In May 1990, Anguillan officials met in the Territory with their counterparts of St. Maarten/Saint-Martin. The talks focused, inter alia, on the question of fishing in Anguillan waters by foreign boats based in St. Maarten/Saint-Martin. Prior to the meeting, in April 1990, a fishing vessel belonging to a Far Eastern company, thought by the Anguillan police to have come from St. Maarten/Saint-Martin, was detained by the police for allegedly fishing in the island's territorial waters.

19. The possible use by drug dealers of the Territory's offshore banking system to launder money as well as the use of Eastern Caribbean countries, including Anguilla, as major transit points in the illicit drug trade has led the Government of the United Kingdom, as the administering Power, to review its policy towards its five Caribbean dependent Territories and Bermuda.

20. In July 1990, it was announced that legislation authorizing Anguilla to enter into legal cooperation agreements with the United States concerning drug-trafficking investigations had been approved by the Anguilla House of Assembly in May 1990. The "Mutual Legal Assistance United States of America" bill is Anguilla's first step towards participation in a treaty between the United Kingdom and the United States, which is now being extended to the British Caribbean Territories.

21. According to the Deputy Governor of Anguilla, similar legislation already enacted in the Cayman Islands and the Turks and Caicos Islands would soon be approved in Montserrat, the British Virgin Islands and Bermuda. The Deputy Governor further stated that, upon submission of information by the Anguillan Government, it would be possible for the Government to approach authorities in Washington for a share of drug traffickers' seized assets.

22. Furthermore, the United Kingdom and the United States negotiated what is termed a "Shipriders Agreement" which, as stated by the Governor, "is an agreement whereby an officer of the Anguillan Government would be allowed to travel in a United States vessel for the purpose of apprehending any criminals who were committing offences in Anguillan jurisdiction". Under this agreement, the Government of Anguilla would place a police, customs or immigration officer aboard the United States vessel and would then authorize the vessel to act on behalf of the Government of Anguilla (see A/AC.109/1073, paras. 8-14).

Notes

1/ The information contained in the present paper has been derived from published reports, including the Caribbean Development Bank Annual Report, 1987 (Barbados), 1988, 1989 and 1990.

2/ The Virgin Islands Daily News, 24 January 1991.

3/ The currency of the Territory is the East Caribbean dollar (EC$). One United States dollar (US$ 1.00) is equivalent to EC$ 2.70.

4/ The Caribbean Development Bank, Annual Report, 1990 (Barbados).

5/ Caribbean Insight, February 1992.

6/ The Island Sun, 5 October 1991.

7/ Caribbean Insight, September 1991.

8/ The Virgin Islands Daily News, 11 February 1991.